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USDOC FOR 532/OEA/ MCANNER
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR PATRICK SANTILLO
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: BMGT BEXP HK ETRD ETTC
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: HONG KONG NOVIKY
ELECTRONICS

REF: A) BIS e-mail request dated October 13, 2009 (01210075)

1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a post shipment verification (PSV) at Noviky Electronics, Unit 1502-3, 15/F, Leadr Industrial Centre, 57-59 Au Pui Wan Street, Shatin, Hong Kong (Noviky). The items in question for this PSV are two shipments of civil aircraft parts exported to Noviky on or about September 28, 2007 and March 25, 2008. These items are likely classified under Export Control Classification Number (ECCN) 9A991, meaning that they are controlled for anti-terrorism reasons and would require a license to sanctioned destinations and certain restricted end-uses/users. The exporter is Aircraft Spruce Specialty of Corona, California.

¶3. According to the Hong Kong Companies Registry, Noviky has been in existence since March 2006. Its paid up share capital is the Hong Kong equivalent of USD 65,000. The Hong Kong Companies Registry lists mainland Chinese national Zhao, Sheng Hui as the sole director. The registered address of Noviky appears to be the registered address of another company that is the subject of a pending end use check, namely J&T Electronics.

¶4. According to the company's web site (www.Noviky.com), Noviky is a trading company that specializes in electronic components for the aerospace, communication, electronic instrument and other sectors.

¶5. It took some time to arrange a visit to Noviky. The contact person at the company stated that she was the only person running the company and that she was due to go on maternity leave. She also claimed to have lost the documentation related to the shipment in question. Eventually, she agreed to meet.

¶6. On November 9, 2009, ECO and FCS Commercial Assistant Carrie Chan visited the company at the address noted above and met with Ms. Wong (there was no signage to indicate that Noviky is located at this address). Noviky appears to be collocated with another company, Armitech Electronics (more information at www.armitechhk.com although this web site lists a different address). Even for this jaded ECO, the meeting was remarkable. The office of the company included only a desk and several chairs. It did not include any computer, phone or filing cabinets. When asked to describe Noviky's customers, Ms. Wong stated that they were located in Hong Kong. When asked again about Noviky's customers, Ms. Wong stated that they were manufacturers and trading companies in Hong Kong. She provided no further details. When asked about the warehouse referenced in the company's web site, Ms. Wong stated that the company no longer has a warehouse. When asked why the meeting was held in the Leadr Center (vice the ship to address), Ms. Wong

stated that the company had recently moved. When asked about the transactions in question, Ms. Wong stated that she could not recall (although she did not deny that they had taken place). When asked whether she had any documentation regarding the order, Ms. Wong stated that she did not. When asked whether she retains any records, Ms. Wong stated that she did not. She stated that all of her orders were done verbally. When asked why the office did not contain a computer, phone or fax machine, Ms. Wong stated that she visited her customers in person or they called her on her cell phone or came to her office.

¶ 7. When asked for an e-mail address to which ECO could send export control information, Ms. Wong stated that she did not have an e-mail address. When ECO asked whether the e-mail on the Noviky web site was operational, Ms. Wong stated that it was not. When asked about the phone numbers on the web site, Ms. Wong stated she did not know whether they were operational and that she had used numbers provided by the web page design group that had helped her create the web site. When asked about the director of the company, Ms. Wong stated that he was a friend and allowed her to use his company for her activities. She stated that he was unfamiliar with her activities on behalf of Noviky. When asked for a business card, Ms. Wong stated that she did not have one. When asked to write her name on ECO's business card, Ms. Wong wrote her name as May Wong. ECO cannot, with any degree of certainty, be sure the person he met with is named Wong or May.

¶ 8. ECO later visited the ship-to address for the shipments in question. This office (14/F Yue Choeng Centre, 1-3 Wong Chuk Yeung St. Fotan, Hong Kong) is presently occupied by Interine Electronics Pan Asia Co., Limited. This company has been in existence since 2000 and has the HK dollar equivalent of USD 125,000 in share capital. A cursory review of SED data suggests that this company has received shipments from the United States including national

security (NS) controlled electronic components classified under ECCN 3A001.

¶ 9. ECO believes Noviky to be a most unsuitable recipient of U.S. origin technology. In ECO's opinion, Ms. Wong is aware of export control restrictions on trade with sanctioned countries as evidenced by her evasive answers. ECO recommends a close review of all shipments to Noviky (and its address) as well as a review of shipments to Interine Electronics Pan Asia Co., Limited and Armitech and their corresponding addresses.